



KOCH COMPANIES PUBLIC SECTOR, LLC
Legal, Government, Public Affairs

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March 16, 2009

VIA CERTIFIED U.S. MAIL

Lorna M. Jereza
U.S. EPA Region 5 - Mail Code LR-8J
77 West Jackson Boulevard
Chicago, IL 60604-3590

Re: Koch Pipeline Company, L.P. Self-Disclosure of Potential RCRA Violations

Dear Ms. Jereza:

This correspondence is sent on behalf of Koch Pipeline Company, L.P. ("KPL") in response to your correspondence dated February 12, 2009. As you know, by its correspondence dated July 18, 2008, as well as subsequent correspondence to EPA dated August 29 and September 26, 2008, KPL self-disclosed potential violations of the Resource Conservation and Recovery Act, 42 U.S.C. 6901 *et seq.* ("RCRA"), as implemented through authorized state programs. KPL made its self-disclosure under EPA's "Incentives for Self-Policing: Discovery, Disclosure, Correction, and Prevention of Violations" policy, 65 Fed. Reg. 19618 (11 April 2000) (the "Audit Policy").

By correspondence dated November 7, 2008, KPL provided further information to EPA relating to KPL's self-disclosure. Your February 12, 2009 correspondence requests certain information in response to KPL's November 7, 2008 correspondence. KPL appreciates the opportunity to provide this information to EPA.

KPL Northern Operating Group

First, you request a description of the KPL Northern Operating Group ("NOG"), as referenced in KPL's November 7, 2008 correspondence. The KPL NOG is not a separate legal entity; rather, "NOG" is the designation KPL uses to refer to its operations in the northern Midwest. Specifically, in the NOG, KPL operates:

- the "Wood River Pipeline," which consists of one crude oil pipeline which runs from Hartford, Illinois to Pine Bend, Minnesota, with breakout tanks along the pipeline at Bethany, Missouri;

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- the “Minnesota Pipeline,” made up of four separate crude oil pipelines which run from a station operated by KPL in Clearbrook, Minnesota to Pine Bend, Minnesota, with breakout tanks along three of the pipelines at Cottage Grove, Minnesota;
- a short refined petroleum products pipeline which runs from Pine Bend, Minnesota to the Minneapolis/St. Paul International Airport; and,
- a propane pipeline and a refined petroleum products pipeline which run from Pine Bend, Minnesota to terminals operated by a third-party in Wisconsin.

Reference to “KPL” in “Facility Compliance” Section of KPL’s November 7, 2008 Correspondence

Second, you request clarification of a statement in KPL’s November 7, 2008 correspondence. On page four of that correspondence, KPL stated: “With regard to ‘facility compliance,’ ... the specific violations disclosed to EPA ... are not part of a pattern of such Violations by KPL within the past 5 years.” You ask whether, in this statement, “KPL” refers “to the NOG or some larger group of entities,” and, if a “larger group of entities,” you request “a list of all such entities to which this response refers.”

KPL intended by this statement to refer only to KPL, no other entities, and it intended the statement to apply to all facilities that KPL operates. In addition to the above-described facilities operated by KPL’s NOG, KPL’s Southern Operating Group (“SOG”) operates facilities in Texas, including: (1) crude oil pipelines (with associated crude oil tanks) which run from various locations to Corpus Christi, Texas, (2) refined petroleum products pipelines which run from Corpus Christi, Texas north, delivering refined petroleum products to various locations operated by third parties, and (3) a short diesel pipeline between Marlin and Temple, Texas. As of May 1, 2008, KPL began operating various refined petroleum product and chemical pipelines as well as an ethylene storage facility in southeast Texas.

Hartford Station NAICS Code

Third, you note that “information on file with EPA indicates that the [KPL Hartford] Facility is a large quantity generator with NAICS code 486910 (transportation of refined petroleum products),” and request an explanation of this information in light of KPL’s description of the Hartford Station as a “crude oil pipeline station.” Any submission by KPL to EPA which indicated that the Hartford Station was covered by NAICS code 486910 was in error. As discussed above, the Hartford Station is part of KPL’s Wood River Pipeline, which transports crude oil. KPL has owned and operated the Hartford Station since 1980 as a crude oil pipeline station, and has never utilized the Hartford Station or the Wood River Pipeline to store or transport refined petroleum products. The proper NAICS code for this station is 486110 (Pipeline Transportation of Crude Oil).

To address this issue, KPL filed the enclosed RCRA Notification of Waste Activity Form (8700-12) with the Illinois Environmental Protection Agency on February 27, 2009, referencing the correct NAICS number for the Hartford Station (486110) and updating the generator status of the facility.

Waste Disposal Costs

Finally, you request “the actual cost of disposal of the wastes generated which are the subject of [KPL’s] self disclosure and actual cost of disposal of those wastes now that you are treating them as RCRA hazardous wastes.” KPL generates the wastes at issue only during tank cleanings, which occur on a

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periodic basis. KPL has attempted to locate records regarding the costs it paid to dispose the wastes at issue in 2005 (cleanout of tank 40) and 2006 (cleanout of tank 41), but has not been able to locate those records. However, KPL has located information on the costs it paid to dispose these same types of wastes during more recent tank cleanouts at the Hartford station in 2007 and 2008. The highest prices that KPL paid for such disposal were as follows:

-disposal as hazardous:	\$578.90 per drum (cleanout of Tank 42; invoice date 8/5/2008)
-disposal as non-hazardous:	<u>\$146.44 per drum (cleanout of Tank 43; invoice date 12/3/2007)</u>
-difference:	\$432.46 per drum

Putting aside for purposes of this correspondence the question of inflation between 2005/2006 and the dates of these invoices, KPL believes that these figures accurately represent the costs KPL incurred in disposing the wastes at issue as non-hazardous, and would have incurred had it disposed such wastes as hazardous.

Conclusion

We trust that this correspondence has answered your questions regarding KPL's disclosure of potential violations under the Audit Policy. Again, KPL appreciates the opportunity to communicate with EPA regarding this issue.

Sincerely,



Thomas G. Safley

TGS/hye

enclosure